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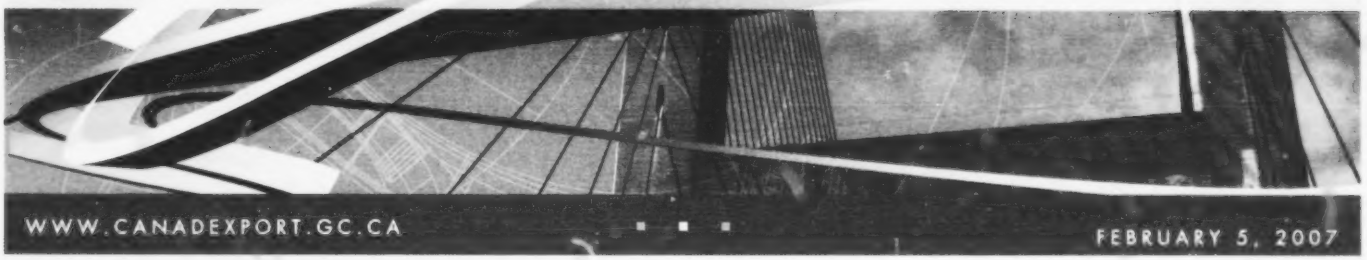

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FEBRUARY 5, 2007

TOP STORIES

Afghanistan shows promise for Canadian companies

Canadian companies shouldn't count out countries that may not, at first glance, seem viable for businesses to thrive in. Two Montreal-based companies and an Afghan partner have teamed up to open a shampoo manufacturing facility in Kabul and together they're doing a good business.

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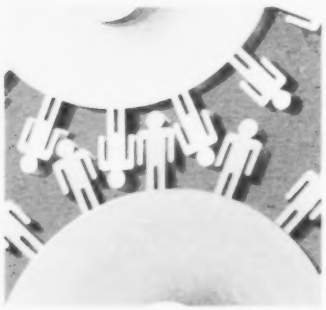

Sourcing partners abroad: some free advice

Canadian entrepreneurs face challenges when it comes to establishing their export businesses. With no shortage of financial, cultural and legal barriers, exporters may not want to go it alone. So finding the right partner is key. Two Canadian trade commissioners share some advice.

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Turkey looks west for partners and investors

Istanbul, May 10, 2007 > Turkey's rapidly growing role in European and regional markets means increasing business opportunities for Canadians, particularly investors.

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Small firm designs subdivision in Siberia

A small Ontario firm of urban planners and designers has found that flexibility and an open mind can translate into success in the international marketplace.

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Canada's share of U.S. imports is falling, but don't blame China

Canada's share of the U.S. merchandise import market has fallen from a peak of 19.8% in 1996 to 17.4% in 2005, while China's share rose from 6.5% to 14.5%. But don't be too quick to point fingers.

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Acquire skills to reach new markets

Vancouver, April 1-2, 2007 > The Forum for International Trade Training (FITT) will offer business professionals an opportunity to develop global skills and networks at its national conference, and uncover strategies to resolve issues in the day-to-day practice of international trade.

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2007-01855/

Small firm big on international stage

A small Ontario firm of urban planners and designers has found that flexibility and an open mind can translate into success in the international marketplace.

When the Planning Partnership was introduced to a visiting delegation of Russians by Canada Mortgage and Housing Corporation (CMHC) International, the rapport was almost immediate. Now the firm is designing a subdivision in Siberia that will eventually be home to 24,000 residents.

The Canadians have landed: Philip Weinstein (centre) and Rick Merrill (right), partners with The Planning Partnership, were in Siberia to design a subdivsion.

The Russians liked the hands-on approach by the six partners of the firm, especially the new urbanism principles—focusing on people-friendly development—that inspired the company's work.

The firm prepares plans, designs and studies related to new communities, waterfronts, parks, downtown revitalization and industrial areas in Canada, the U.S., China and Russia. International work is only about 10% of the company's business, but it's growing.

Rick Merrill, partner with the company, says the Russian private sector group that retained his firm has been flexible and open to new ideas. The Russians were, for example, reluctant to plan for north-facing houses because of the cold, but Merrill's firm was able to demonstrate that houses can be designed to minimize the effects through vestibules and other design elements.

Conversely, the Russians asked for saunas (or banyas) to be included in most of the designs—a traditional feature of their homes. The Canadian firm accommodated the request. Merrill's advice for other firms doing business internationally is to demonstrate that kind of flexibility too.

"Get a sense of how they work, listen very carefully to their objectives and adapt to the local culture, because the worst thing you can do is try to export Canada."

CMHC International has been helpful in introducing the Planning Partnership to the right contacts, and even helped to vet Russian-language contracts with the help of a Russian-speaking representative. Merrill says it's an important lesson learned in conducting business with different cultures.

"It's important to get assistance and advice, particularly in contracts and negotiations," he says.

Sanjar Farzaneh, Team Leader at CMHC International, says the Planning Partnership can serve as a model for other small Canadian firms.

"It's a great example of a small company succeeding in an international market," he says. "The Planning Partnership is very efficient and effective so it was no surprise to us that, once introduced, the two were a perfect match."

For more information, see **www.cmhc.ca** and **www.planpart.ca**.

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Shampoo venture brings jobs, hope to Afghanistan

For most small Canadian companies, the thought of doing business in war-torn Afghanistan may seem incongruous, but not for Druide International Inc. The Montreal-based company has teamed up with an Afghan business to open a shampoo factory in Kabul. The project may be small, but its early success has many hoping it is a sign of things to come.

Opened last November, the shampoo manufacturing facility is a joint venture between Afghan businessman Waheed Daqeeq and Druide, a company that specializes in environmentally friendly skin and hair products.

The venture was facilitated by Paul Desjarlais of Interpôles, a Montreal-based consulting firm that assists Canadian companies in mounting joint projects with foreign companies, largely in Asia.

"I was approached by an Afghan-Canadian who invited me to travel to Kabul to look for joint-venture opportunities. As an international development advisor, I had worked in Indonesia building affordable houses but after meeting Waheed Daqeeq, the first project to take shape was a shampoo factory instead."

When asked how Desjarlais managed to help set up a factory in a country at war, it's clear he saw opportunity where many would not have.

Where there's a market, there's a way

"The entire country needs to be rebuilt. In 2002, there were virtually no production plants. Even today, nearly all of Afghanistan's consumer goods like soaps, clothing, shoes, candy, soft drinks and other everyday items, are imported from neighbouring countries. Even though a large portion of Afghans are poor, they are still consumers."

Desjarlais says that, to his knowledge, all shampoo in Afghanistan is currently imported from Iran, Pakistan and Turkey, which makes the products more expensive.

"Because of the large water content in shampoo, this amounts to the transport of bottled water across borders, which greatly inflates prices in Afghanistan. So we think that prices of locally produced shampoo will be highly competitive," he says.

Locally produced products also mean jobs for Afghans. The facility, which produces a brand of shampoo called Florance, currently employs twelve widowed Afghan women and four men. Eventually, the factory aims to employ some 40 women.

Credit: Interpôles

The Canadian-Afghan shampoo joint venture has hired Afghan war widows, most of whom are the sole income earners in their families.

"We had asked our Afghan partner at the outset if he would agree to the employees being women, preferably war widows," says Desjarlais. "He said yes and kept his word even though he lives in a very traditional setting. These women live for the most part in the neighbourhood, they have children and they are the sole income earners in their family."

Desjarlais adds that while most of the women work in bottling, the laboratory is run by a female chemist and the accounting is also done by a woman.

The factory mixes shampoo ingredients based on quality-controlled procedures and produces 4,000 units per day in recyclable plastic bottles for distribution across Afghanistan.

Desjarlais says that the challenges run deep.

"The country's infrastructure is practically non-existent after all these years of war, so raw materials have to be imported. Also, the literacy rate is very low, so training needs are greater."

But in this area, the Government of Canada has a role to play.

"The Canadian International Development Agency's (CIDA) Industrial Cooperation Program contributed to the viability study that we first did," says Desjarlais. "Then, during set-up, it participated in the training, coaching and technical transfer phase. It goes without saying that this help was highly appreciated given the difficulties we feared."

"I am delighted that Druide, with the assistance Interpôles and the Government of Canada, has opened its doors to the emerging Afghan market," says David Sproule, Canadian Ambassador to Afghanistan. "This venture supports many of the

see page 5 - Shampoo venture

What to consider when sourcing partners abroad

It is widely accepted that doing business abroad successfully demands an on-the-ground, in-market presence. But few Canadian companies have the financial resources to set up and maintain branch offices in foreign markets—and those that do face more challenges understanding local culture, business customs and legal and regulatory frameworks.

What's required most often is a local business partner or agent: someone familiar with the particular market who can act on behalf of the Canadian company and represent its interests.

So how do you find and choose such a representative? That's the question *CanadExport* put to trade commissioners Andree Cooligan and Yvon Bouthillette.

1. Know what you're looking for

Andree Cooligan's first piece of advice to Canadian companies seeking partners abroad is to clearly define—for themselves—the role they need those partners to perform.

"It's a matter of business planning," says Cooligan. "When your goals for a particular market are well specified, you can then seek out a partner who has the right mix of skills and experience to help you achieve them."

The trade commissioner based in Helsinki notes that this may seem like an obvious admonition, yet in her experience, the eagerness of companies to find partners who can help them understand the market sometimes prompts them to seek out those partners before they clearly understand what they expect from the business relationship.

2. Do the research

Both Cooligan and Bouthillette insist that preliminary investigation is critical before contacting a company, organization or individual abroad. In many cases, the Web is a good place to start. There are also networks in Canada as well as overseas with the ability to put companies in touch with others—bilateral chambers of commerce, for example.

Another useful tool is the Virtual Trade Commissioner. It provides a helpful point of entry to a specific market. The Virtual Trade Commissioner (**www.infoexport.gc.ca**) is an electronic repository of market- and sector-related information that provides business leads and news, and contact information to trade commissioners in some 150 cities around the world. It also gives trade commissioners direct links back to Canadian companies if they learn of potential business leads.

3. Put yourself out there

"You must go into the field to discover the environment and evaluate potential partners," notes Bouthillette, a trade commissioner in Ottawa. "Every region is different. There may be weaknesses in the legal or regulatory environment, or nuances of business convention that you can only really grasp by being there and meeting contacts in person."

He recommends involving the Canadian mission in the target region—not only to validate potential partners but also to benefit from the mission's "official umbrella," which lends Canadian companies credibility and authority.

"Involving the mission also sends a signal that your business deal is under official monitoring. This can be helpful in deterring less serious or qualified possible partners," Bouthillette concludes.

4. Be prepared to answer questions yourself

Seeking out partners can seem like a one-way activity: you, the Canadian company, is auditioning possible performers for a part in your business "show". But the inquiry should, in fact, go both ways if companies are going to establish solid partnerships.

Canadian firms should be prepared, then, to articulate their business strategies and strengths to prospective partners: what

makes them unique, what differentiates their offerings and how that translates into a mutual opportunity of interest.

Take the Canadian Bank Note Company, for example. Stephen Dopp, vice-president of International Business Development, shares some of his company's experience in the area of establishing in-market customer service agreements in locations as diverse as Chad, Mali, Nicaragua, Surinam and Romania.

"We take a different approach depending on the market. But certainly it's essential to go out yourself and interview potential service providers and get to know them yourself. The other element we invest effort in is training. Once we select partners, we train and acculturate them—making them part of our corporate team. We'll do this on the ground in the region and also bring them back to Canada for training and orientation here. Because really, these people and organizations become our face to the customer: they have to be able to represent us in a way that reflects our values, standards and approaches."

Finally, both trade commissioners say that you should take your time. Don't leap at the first opportunity and don't assume you're protected. The legal environments vary dramatically between markets around the world. Work with your partners and with Canadian trade experts to protect your business deal.

Also, confirm your partner's enthusiasm. If your prospective partner does not seem to be fully behind the deal, don't close it. Look for someone else. It can be a tremendous business drain to have to engage in long-distance troubleshooting once business is underway.

Stay on top of things. Don't assume that your partner will necessarily tell you if problems come up: keep doing your homework and checking in with customers.

For more information, go to **www.infoexport.gc.ca**.

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Cont'd from page 3 - **Shampoo venture**

key objectives which Canada is working toward in Afghanistan and is emblematic of the type of contribution the Canadian private sector can make here."

Desjarlais is also hopeful about the country's prospects and advises other Canadian companies looking to do business in Afghanistan to do it quickly.

"At the moment, there is a lot of opportunity in Afghanistan, it is still easy to launch a business and competition is low."

For more information, contact Nathan Naidoo, Canadian Embassy in Kabul, email: **nathan.naidoo@international.gc.ca**, and Paul Desjarlais, Interpôles, tel.: (514) 277-2095, website: **www.interpoles.net**.

David Sproule, Canada's Ambassador to Afghanistan (fourth from left), inaugurates the first local shampoo factory in Afghanistan.

Turkey looks west for partners and investors

Istanbul, May 10, 2007 > Turkey's rapidly growing role in European and regional markets means increasing business opportunities for Canadians, particularly investors. A conference and trade mission is therefore being planned so Canadian entrepreneurs can take advantage of this emerging market's great potential.

Organized by the Canadian-Turkish Business Council and the Turkish Foreign Economic Relations Board, the annual conference presents a unique opportunity for executives from both countries to meet senior counterparts and explore commercial ventures. It will feature seminars on key priority sectors, private partnerships and the country's macro-economic and business environments.

"Turkey is at a very exciting time in its evolution," says Richard Ross, president of the council. "Economic and political reforms over the past few years has have included major debt and deficit reduction, lower inflation, a range of structural reforms, privatization initiatives and investment promotion, which have all created a more stable and healthy economy."

The conference on May 10 is part of a multi-sector trade mission that will take place from May 7 to 11, 2007, starting in Ankara and travelling to other major Turkish cities.

Organizers of the trade mission say that participants will meet with Turkish business leaders in their sectors, as well as senior political and economic officials in order to become more familiar with Turkey's political and regulatory environment and raise important issues that could advance future business activities. Mission participants will also have a chance to meet with Turkish companies to discuss partnering for projects in other countries in the region.

"Both the mission and conference will provide a comprehensive overview of opportunities for Canadian firms and will allow participants to promote themselves as suppliers of goods and services, and as potential partners and investors in the region," says Yves Brodeur, Canada's Ambassador to Turkey.

Turkey is becoming a top-tier emerging market economy. Suzanne Drisdelle, Trade Commissioner at the Canadian Embassy in Ankara, says that Turkish companies are looking westward to Europe and North America for business partners, financiers and suppliers of a broad range of imports, making the country a major centre for business and investment.

Ross and Brodeur agree that Turkey's current government is working to remove impediments to investment—especially to the commercial code, registration procedures and corporate governance—and is increasing its investment promotion efforts. These initiatives are putting Turkey on a long-term path to EU accession.

Opportunities in Turkey match what Canadian businesses have to offer and trade mission organizers are looking for experienced participants in all sectors of the Canadian economy.

Opportunities are particularly encouraging in sectors like energy, agriculture and agri-food, transportation, mining, housing and information and communications technologies. But entrepreneurs can also find potential in Turkey's aerospace and defence, environment, media, finance and education sectors.

Canada has a strong and growing commercial relationship with Turkey. Canadian investment there stands at nearly $800 million, mostly in the telecommunications, agri-food, mining, housing and media sectors. Canada-Turkey bilateral trade nearly tripled over the last decade and two-way trade surpassed $1.1 billion in 2005, and is expected to grow further.

The registration deadline for the conference and trade mission is April 20, 2007.

For more information on the conference and trade mission, go to **www.ctbc.ca**, or contact Aida Viveiros, CTBC conference and mission administrator, Canadian Manufacturers & Exporters, tel.: (905) 672-3466, email: **aida.viveiros@cme-mec.ca**.

For more information on opportunities for Canadian companies in Turkey, contact Catherine Gosselin, Canadian Embassy in Ankara, tel.: (011-90-312) 409-2773, email: **catherine.gosselin@international.gc.ca**, Suzanne Drisdelle, Canadian Embassy in Ankara, tel.: (011-90-312) 409-2778, email: **suzanne.drisdelle@international.gc.ca**, or David Clendenning, Foreign Affairs and International Trade Canada, tel.: (613) 996-4484, email: **david.clendenning@international.gc.ca**.

Acquire skills to reach new markets

Vancouver, April 1-2, 2007 > The Forum for International Trade Training (FITT) will offer business professionals an opportunity to develop global skills and networks at its national conference, and uncover strategies to resolve issues in the day-to-day practice of international trade.

For over 10 years, FITT has prepared individuals and businesses to compete in world markets. The Canadian organization began as a joint initiative between government and the private sector to provide national standards in international business training and certification.

To help business people succeed internationally, the organization developed a skills program which is designed to uncover and analyse the practical issues that international trade practitioners encounter every day. FITT's programs are delivered across Canada through community colleges, universities, private organizations and online.

"To compete in the global marketplace, international business professionals are quickly realizing that they must be adept and multi-skilled in a wide range of global trade matters," says Caroline Tompkins, FITT's president. "From identifying new markets and opportunities to dealing with new levels of security and knowing how to mitigate risks, our participants go beyond theory and explore current topics in international trade."

Global business professionals can also attain the Certified International Trade Professional (CITP) designation, a credential which attests to an individual's international business skills and experience. The designation is recognized as the leading certification for global business professionals.

"By earning this designation, my employer knows that I am committed to achieving and maintaining an advanced appreciation for global trade issues," says Julie Lalonde, an officer with the Canadian International Development Agency. "It instantly adds to my credibility."

For more information, go to **www.fitt.ca** or call 1-800-561-3488.

Canada's share of U.S. imports is falling, but not due to China

Canada's share of the U.S. merchandise import market has fallen from a peak of 19.8% in 1996 to 17.4% in 2005, while China's share rose from 6.5% to 14.5%. But China is not largely responsible for Canada's slump. Two-thirds of Canada's loss was in sectors or sub-sectors (like softwood lumber) where China did not experience a substantial gain. Motor vehicles alone accounted for 36% of Canada's loss—an area in which Korea and Germany, not China, were the main countries to increase share. In sectors where China did gain market share, it was not necessarily at the cost of Canada, as other countries also experienced losses. Canada's falling share of U.S. imports may be a cause for concern, but the finger cannot be pointed squarely at China.

Sector contribution to Canada's fall in share of U.S. import market
(contribution to the 2.4 percentage point drop over 1996-2005)

Data: merchandise trade, World Trade Atlas, U.S. Dept. of Commerce, Bureau of Census

The full report is available at **www.international.gc.ca/eet/pdf/Analytical_Report_Comp_China-en.pdf**.

Provided by the Office of the Chief Economist, Foreign Affairs and International Trade Canada (**www.international.gc.ca/eet**).

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BUILDING PRODUCTS

Melbourne, April 19-21, 2007 > designEX is Australia's international commercial and residential design exhibition. It is the leading national forum from which suppliers launch the latest products in the areas of commercial and residential furniture, both contemporary and traditional.
Contact: Geoff Fox, Canadian Consulate General in Sydney,
email: **geoff.fox@international.gc.ca**,
website: **www.designex.info**.

Istanbul, May 2-6, 2007 > Turkey Build 2007 is an international building products and construction technologies show.
Contact: Akin Kosetorunu, Trade Commissioner, Canadian Embassy in Ankara,
email: **akin.kosetorunu@international.gc.ca**,
tel.: (011-90-312) 409-2754,
fax: (011-90-312) 409-2715,
website: **www.yem.net**.

CONSUMER PRODUCTS

Chicago, March 24-27, 2007 > Canadian apparel companies looking to enter the U.S. Midwest market might want to be part of the **Wear?Canada! at Stylemax** export development program. The Canadian Apparel Federation, in collaboration with the Canadian Consulate General in Chicago, is coordinating the Canadian venue and booth at the show.
Contact: Eileen Melnick McCarthy, Canadian Apparel Federation,
tel.: 1-800-661-1187, ext. 222,
email: **emelnick@apparel.ca**.

Kuwait, April 2-4, 2007 > Securexpo is a unique platform for vendors and manufacturers in the safety and security industries to penetrate the Kuwaiti market with the latest solutions, systems, accessories and equipment for safety, security and fire protection.
Contact: Raed Bishara, Canadian Embassy in Kuwait, tel.: (011-965) 256-3025, ext. 3353, fax: (011-965) 256-4167,
email: **raed.bishara@international.gc.ca**,
website: **www.globalconnection.com.kw**.

ICT

Istanbul, April 12-13, 2007 > Caspian Telecoms 2007 is an international trade fair that focuses on telecommunications, information technologies and computers.
Contact: Can Ozguc, Trade Commissioner, Canadian Embassy in Ankara,
email: **can.ozguc@international.gc.ca**,
tel.: (011-90-312) 409-2753,
fax: (011-90-312) 409-2715, website: **www.euf.com.tr/telecom/indexen.php**.

MULTI-SECTOR

Quincy, Massachusetts, March-September 2007 > Minority- and women-owned businesses may wish to partner with the Ahold USA family of companies, which has scheduled trade fairs around their actual sourcing calendar. A list of products in baking, beverages, frozen, enhancers, main meal and household categories are currently scheduled to be put out to bid for 2007.
Contact: Beth Pomper, Canadian Consulate in Philadelphia, tel.: (267) 207-2721, email: **beth.pomper@international.gc.ca**, or Colette Lekborg, Canadian Consulate General in Boston, tel.: (617) 262-3760, email: **colette.lekborg@international.gc.ca**, website: **www.aholdusa.com/supplierdiversity**.

Nicosia, Cyprus, May 11-20, 2007 > Attend the **31st Cyprus International Fair** and take advantage of this unique opportunity to meet 130,000 visitors. Cypriot manufacturers and more than 350 exhibitors from 30 countries will be there to promote consumer products, building materials, furniture, plastic products, industrial equipment and telecommunication equipment.
Contact: Marina Patera, Cyprus State Fairs Authority, tel.: (011-357-22) 352-918,
fax: (011-357-22) 352-316,
email: **m.patera@csfa.org.cy**,
website: **www.csfa.org.cy**.

ENVIRONMENTAL INDUSTRIES

Padova, Italy, April 18-21, 2007 > Don't miss the **SEP International Ecotechnologies Exhibition**, an important international meeting on waste, water, air and energy management services, land reclamation and energy, as well as soil, air and noise monitoring and control.
Contact: Patrizia Giuliotti, Trade Commissioner, Canadian Embassy in Italy,
tel.: (011-39-06) 44598-1,
email: **ital-td@international.gc.ca**,
website: **www.sepeurope.org**.

Tokyo, May 22-25, 2007 > N-EXPO 2007 is Japan's leading environmental exhibition. More than 153,000 visitors and 549 exhibitors from all sectors of the industry attended the last edition.
Contact: Christian Hallé, Trade Commissioner, Canadian Embassy in Japan,
tel.: (011-81-3) 5421-6200,
email: **jpn.commerce@international.gc.ca**,
website: **www.nippo.co.jp/eng/n-expo007**.

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